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Caroline Pitt Clark
Commissioner

H. Jay Freeman
Natural Energy Utility Corporation
2560 Hoods Creek Pike
Ashland, KY 41102

September 28, 2007

CERTIFICATE OF SERVICE

RE: Case No. 2007-00394
Natural Energy Utility Corporation

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on September 28, 2007.

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over a horizontal line.

Executive Director

BOD/tw
Enclosure



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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF NATURAL)
ENERGY UTILITY CORPORATION) CASE NO. 2007-00394

ORDER

On December 18, 1991, in Case No. 1991-00138, the Commission approved rates for Natural Energy Utility Corporation ("Natural Energy"), formerly American Natural Gas Corporation, and provided for their further adjustment in accordance with Natural Energy's Gas Cost Adjustment ("GCA") clause.¹

On September 5, 2007, Natural Energy filed its proposed GCA to be effective October 1, 2007.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Natural Energy's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Natural Energy's notice sets out an Expected Gas Cost ("EGC") of \$7.1816 per Mcf, which is a decrease of 4.02 cents per Mcf from the previous EGC of \$7.2218.
3. Natural Energy's notice sets out no current quarter supplier Refund Adjustment ("RA"). Natural Energy's notice sets out no total RA.

¹ Case No. 1991-00138, Columbia Gas of Kentucky, Inc. vs. Kentucky-Ohio Gas Company.

4. Natural Energy's notice sets out a current quarter Actual Adjustment ("AA") of 13.07 cents per Mcf. Natural Energy incorrectly used its previous quarter's GCA rather than its EGC for April, May and June 2007 in calculating its monthly cost difference. Correcting for this produces a current quarter AA of 4.9 cents per Mcf. Natural Energy also carried forward incorrect AAs from previous quarters. After correcting for this, Natural Energy's total AA is (4.03) cents per Mcf, which is an increase of 6.27 cents per Mcf from the previous total AA.

5. Natural Energy's Gas Cost Recovery Rate ("GCR") is \$7.1413 per Mcf, which is an increase of 2.25 cents per Mcf from the previous GCR of \$7.1188.

6. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Natural Energy on and after October 5, 2007. Natural Energy did not provide sufficient notice for rates to be effective October 1, 2007.

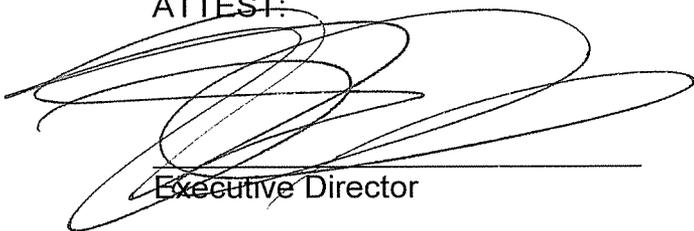
IT IS THEREFORE ORDERED that:

1. The rates proposed by Natural Energy are denied.
2. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after October 5, 2007.
3. Within 20 days of the date of this Order, Natural Energy shall file with the Commission its revised tariff sheets setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 28th day of September, 2007.

By the Commission

ATTEST:

A large, complex handwritten signature in black ink, consisting of multiple overlapping loops and flourishes, covering the text 'Executive Director'.

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00394 DATED September 28, 2007

The following rates and charges are prescribed for the customers in the area served by Natural Energy Utility Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

RATES:

<u>Monthly</u>	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total Rate</u>
All Mcf	\$4.24	\$7.1413	\$11.3813

Minimum Bill

The minimum bill shall be \$11.3813.